

**BEFORE THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

IN THE MATTER OF:

**THE FARMERS MUTUAL FIRE INSURANCE
COMPANY OF SEVIER COUNTY**

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No.: 05-010

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to Tenn. Code Ann. §§ 56-22-101, *et seq.* and 56-1-401, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (hereinafter referred to as the "Division") has examined certain affairs of The Farmers Mutual Fire Insurance Company of Sevier County (hereinafter also referred to as the "Company"), a county mutual fire insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December, 2003, the examiner-in-charge filed with the Division, on the 23rd day of November, 2004, a verified, written report on examination, and a copy of that report has been sent to The Farmers Mutual Fire Insurance Company of Sevier County. (The Report of Examination of The Farmers Mutual Fire Insurance Company of Sevier County is attached hereto and marked as Exhibit A). The Division received written rebuttal to said examination report from the company on December 29, 2004. (A true and exact copy of the company's written rebuttal is attached hereto and marked as Exhibit B).

Pursuant to Tenn. Code Ann. § 56-22-132, said examination report regarding the affairs of The Farmers Mutual Fire Insurance Company of Sevier County, filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 23rd day of November, 2004, is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

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Financial Services & Regulatory Section

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-7-102 by completely disclosing all policy terms on its policy forms for each and every kind or type of coverage offered, as well as the premium obligation of the policyholder for all coverages accepted by the policyholder.
2. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-1-405 by refraining from listing as admitted assets those assets that are not available for the payment of policyholder losses.

The company shall comply with the directives contained in this order within thirty (30) days of its entry.

The adoption of this examination report shall not preclude the Department from imposing sanctions against The Farmers Mutual Fire Insurance Company of Sevier County for potential violations of the Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report With Directives merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

ENTERED this the 31st day of January, 2005.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance
State of Tennessee

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Company Examinations

PREPARED FOR ENTRY:

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as Filed has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, and Don Spann, Chief Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to The Farmers Mutual Fire Insurance Company of Sevier County, 144 West Main Street, Sevierville, Tennessee 37862, on this the 1st day of February, 2005.

Eric J. Stansell

Eric J. Stansell

Certifying Attorney